World Production and Trade

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Foreign Agricultural Service
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Weekly Roundup
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The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following developments in world agriculture and trade:

GRAIN AND FEED

On March 1, POLAND simultaneously raised retail prices of flour and cereal products, and ended rationing except for semolina. Adequate supplies of domestic grain, supplemented by imports, have built stocks to a sufficient level so that rationing is no longer required. Average retail prices for flour will rise by 42 percent and the cost of bread will rise by one-third. Despite the price hikes, consumption of cereal-based foods is expected to remain strong, and mill expansion will allow an additional 150,000 tons of grain to be processed this year.

This is the first of three scheduled retail price increases in Poland. On April 1, a second price increase will affect heating materials and energy, and on June 1, a third will increase the price of vegetable fats and meats. Polish wheat imports during July-June 1984/85 are forecast at 2.1 million tons; a surge in consumption due to the end of rationing could cause an increase in demand and higher imports.

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In ZIMBABWE, timely rains during the growing season appear to have broken a two-year drought, and a return to a normal corn crop should allow stocks to be rebuilt. It is now expected that the 1985 crop will exceed domestic requirements, and Zimbabwe will likely export corn during the coming April 1985-March 1986 year. Zimbabwe's last substantial exports of about 250,000 tons took place in 1981/82; neighboring corn-deficit countries such as Zambia and, recently, South Africa are likely destinations.

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The National Grain Board of ARGENTINA announced that PERU has agreed to purchase 700,000 tons of wheat in each of the next four years. The Argentine delegation that negotiated the pact also announced that Peru purchased 100,000 tons of wheat for immediate delivery. This brings total Argentine sales to Peru of 1984 crop wheat to the 700,000-ton level, about 70 percent of Peru's import requirements. The GSM-102 credit guarantee program has enabled the United States to supply Peru with most of its wheat needs over the past few years.

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YUGOSLAVIA's ban on corn exports imposed in September 1984 will be extended at least through the end of March 1985. It was believed that the ban would be lifted at the end of February, but speculation on its ending caused the free-market price of corn to rise above the official price. The government of Yugoslavia now believes that extending the export ban will stabilize corn prices in the domestic market. Forecast exports from the 1984 crop have been reduced 300,000 tons to 500,000 tons, based on the ban being lifted during the balance of October 1984-September 1985. Since this export estimate considers Yugoslavia's limited handling capacity at ports, and since many of its Mediterranean markets have already been lost, any delay past March in lifting the ban could cause a further reduction in the export estimate.

OILSEEDS AND PRODUCTS

The U.S. agricultural attache in Kuala Lumpur reports that U.S. soybean sales to MALAYSIA have all but ceased in the last several months. It is likely that imports from Brazil and Argentina will cover Malaysia's requirements for the next several months. U.S. soybean sales could possibly be nil in 1985. USDA's forecast of Malaysian soybean imports in 1984/85 is 200,000 tons. Currently, Chinese and Vietnamese suppliers are making inroads into the Malaysian soybean meal market. The protection that local crushers had against cheap Chinese soybean meal imports was lost January 1, when import licenses for Chinese soybean meal were no longer required. Soybean meal imports for 1984/85 are estimated at 188,000 tons. In 1982/83, the U.S. share of the Malaysian soybean/soybean meal market on a soybean equivalent basis was approximately 41 percent. By 1983/84, the U.S. share had declined to only 21 percent, and further deterioration in the U.S. market share is anticipated for the current marketing year.

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The U.S. agricultural counselor in Mexico City has increased MEXICO's 1984/85 oilseed import estimates The estimate for soybeans was increased to 1.6 million tons, up 100,000 tons; for sunflowerseed, to 550,000 tons, up 50,000 tons; and cottonseed, to 90,000 tons, up 20,000 tons. The increased imports are expected to be used to rebuild stocks. Reports of disease in the domestic safflowerseed crop also could increase sunflowerseed imports. The oilseed crushers association and CONASUPO--the Mexican buying agency--have concluded an agreement with Argentina's Grain Board for the purchase of 180,000-200,000 tons of sunflowerseed and 250,000-300,000 tons of soybeans. The purchases of oilseeds will be in partial payment for outstanding debt Argentina owes Mexico. There are no specifics on prices, but they are reportedly cheap. These additional purchases should cover most, if not all, of Mexico's sunflowerseed needs for the rest of this marketing year. Additional Mexican purchases of Brazilian soybeans are possible.

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DAIRY, LIVESTOCK AND POULTRY

The UNITED KINGDOM has lifted its ban on U.S. poultry meat imports, effective February 19. Sales of U.S. poultry meat to the U.K. prior to the ban totaled about $15 million. While it is not likely that the United States will be able to regain fully its former market, sales could be in the neighborhood of $10 million in calendar year 1985.

In 1981, the U.K. effectively banned U.S. exports of poultry by instituting a slaughter policy to eradicate Newcastle Disease. At that time, importation of poultry from any country that controlled Newcastle Disease by vaccination, i.e., the United States, was banned. In mid-1984, following a series of outbreaks of Newcastle Disease, the British reverted back to a vaccination policy. After a protracted series of discussions with the United States, U.S. poultry was again allowed to enter the U.K. market.

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SOUTH KOREAN beef imports in 1985 are expected to be only $40 million, down from $145 million in 1983, according to the U.S. agricultural attache in Seoul. U.S. exports of beef to Korea were valued at $8 million in 1984 and $5 million in 1983. Korean cattle imports in 1985 will be a few hundred head at most. The United States exported only 3,000 head in 1984, compared with 25,000 head in 1983. Increased Korean herd size (1.7 million in 1980 to 2.5 million in 1985) is sufficient to provide most of the beef demanded by consumers. Demand will still exist for high-quality cattle to improve the genetic makeup of the cattle herd.

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GLOBAL milk production in 1984 totaled 409 million tons, slightly below the 1983 level. Production decreases in the United States and the European Community (EC) more than offset expanded output in Australia and New Zealand. Current forecasts indicate that milk production in 1985 will approximate the 1984 level. Higher output per cow is expected to offset another decline in milk cow numbers due to smaller herds in the EC and the Soviet Union.

World cheese output was up 1 percent in 1984 and is forecast to increase 2 percent in 1985. Butter and nonfat dry milk production are expected to decline again in 1985 as more milk is used to manufacture cheese.

The milk diversion program in the United States and lower effective prices for milk contributed to reductions in the dairy herd and milk output in 1984. Milk production is expected to rise in 1985 as the diversion program ends on March 31 and lower feed prices promote increased concentrate feeding.

Canadian milk production in 1984 increased slightly as producers filled higher delivery quotas. In 1985, milk output is not expected to increase because the industrial delivery quota for 1984/85 (August-July) was not increased.

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Cow Numbers and Milk Production in Selected Countries

	Cow Numbers			Milk Production		
	1983	1984 1/	1985 2/	1983	1984 1/	1985 2/
	----Million Head----			----Million Tons----		
United States	11.1	10.8	10.8	63.4	61.4	62.5
Canada	1.8	1.7	1.7	8.0	8.1	8.1
EC-10	25.6	25.5	24.6	111.8	109.4	107.0
Japan	1.1	1.1	1.1	7.0	7.1	7.3
USSR	43.8	43.9	43.5	96.5	97.6	99.0
Australia 3/	1.8	1.8	1.8	5.7	6.1	6.1
New Zealand 4/	2.0	2.1	2.1	6.9	7.6	7.6
Total of 37 countries	164.3	163.2	161.6	411.2	409.0	408.7

1/ Estimate. 2/ Forecast. 3/ Year ending June 30. 4/ Year ending May 31.

EC milk production is forecast to decline to 107 million tons in 1985, about 2 percent below the 1984 level and 4 percent below the 1983 record. Cows numbers are expected to continue to decline in response to the EC milk quota program. During 1985, the strongest production cutbacks are expected in France, where 1984 adjustments to the quota were minimal and in West Germany, where large decreases are still needed to avoid exceeding the first year quota (April-March 1984/85).

Milk production in Spain rose 3 percent in 1984 and is forecast to increase 3-4 percent in 1985 based on higher milk prices and lower feed prices. Despite government efforts to control output, Austrian milk production increased slightly in 1984. Cow numbers in Austria are expected to decline about 2 percent in 1985 with milk production remaining near the 1984 level.

The northern countries of Eastern Europe had favorable pasture conditions in 1984 and milk production was up 4, 7 and 3 percent in Poland, the German Democratic Republic and Czechoslovakia, respectively. Milk output in the Soviet Union is expected to increase about 1 percent in 1985, about the same as in 1984. Cow numbers in the Soviet Union were down 1 percent at the start of 1985, probably reflecting the less favorable feed supply situation.

Milk production in Australia rose 7 percent in 1984 because pasture conditions were very favorable. Current pasture conditions indicate output will be high again in 1985. New Zealand's 1984 milk production was up more than 10 percent due to a near 5-percent increase in cow numbers and unusually favorable pasture conditions in the dairy regions. Although current pasture conditions are not as favorable as last year, New Zealand's 1985 milk production is forecast at the 1984 record level based on an increase in cow numbers.

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Global butter production is forecast to decline about 2 percent in 1985, or about the same as the 1984 decrease. In the United States and the EC, butter output dropped sharply as milk supplies were reduced in 1984. For 1985 EC butter production is expected to decline about 7 percent based on expected lower milk output. Butter production in the United States is forecast to be up slightly from the reduced 1984 level.

Production of Dairy Products in Selected Countries

	Butter			Cheese			Nonfat Dry Milk		
	1983	1984 1/	1985 2/	1983	1984 1/	1985 2/	1983	1984 1/	1985 2/
	----1,000 tons----			----1,000 tons----			---1,000 tons---		
United States	589	508	515	2,186	2,127	2,220	680	538	580
Canada	110	109	110	183	183	185	137	136	136
EC-10	2,262	2,091	1,945	3,603	3,751	3,818	2,485	2,094	1,869
Japan	74	77	80	20	22	25	154	155	160
USSR	1,562	1,600	1,620	744	780	810	400	410	410
Australia 3/	88	111	110	158	161	158	98	123	135
New Zealand 4/	252	287	290	114	110	120	165	219	220
Total of 35 countries	6,875	6,770	6,637	9,114	9,233	9,455	4,928	4,515	4,347

1/ Estimate. 2/ Forecast. 3/ Year ending June 30. 4/ Year ending May 31.

In Eastern Europe and the USSR, 1984 butter production was up 4 percent and 2 percent, respectively. This larger output is the result of larger milk supplies. Butter production in the USSR in 1985 is forecast to increase based on expected higher milk output.

Butter production increased sharply in Australia and New Zealand in 1984 because most of the surplus milk was used for butter manufacturing. In both countries, 1985 output is expected to remain high.

Global cheese production is forecast to increase over 2 percent in 1985, compared with the 1-percent increase recorded in 1984. Production in the EC, accounting for 40 percent of world cheese output, was up 4 percent in 1984 as demand in both the domestic and export markets improved. U.S. production in 1984 declined due to the reduced milk supplies. Both the United States and the EC are expected to increase output in 1985. Despite increased milk output in Australia and New Zealand, cheese production was only slightly changed in 1984 as both countries had difficulties in exporting surplus cheese. New Zealand's cheese output in 1985 is forecast to increase, but the additional production may end in storage if export prospects do not improve.

Global production of nonfat dry milk (NDM) dropped sharply in 1984 and a further 4 percent decline is forecast for 1985. Most of the expected decline will occur in the EC. Larger NDM production in the United States is forecast based on the larger milk output.

COTTON AND FIBERS

U.S. cotton exports during the first half of the 1984/85 season indicate a greater concentration of movement through West Coast ports despite larger exports to European destinations this season. The West Coast accounted for 72 percent of export movement, compared with 65 percent in the first half of 1983/84. Both periods were below the concentration achieved in 1980/81 through 1982/83, when China was a major market for U.S. cotton. Los Angeles remains the principal port of exit, handling 44 percent of all cotton exports. Other leading ports were San Francisco, Houston and Seattle. East Coast ports represented 4 percent, Great Lakes ports 3 percent and Gulf ports 21 percent.

TOBACCO

In HONG KONG, the government has announced a tax increase for imported tobacco. The new tax schedule is as follows:

	Old Rate	New Rate	Increase
	---HK Dol. Per Kg.---		---Percent---
Imported cigarettes	178	210	17.9
Imported leaves	131.4	170	29.4
Imported cigars	175	210	20.0
Chinese prepared tobacco	33	40	21.2
Other imported manufactured tobacco	140	170	21.4

Hong Kong's seven tobacco traders decided there would be a flat rise in the price for both imported and locally manufactured cigarettes. The new retail price of cigarettes actually increased by HK$ 5.2, up from HK$ 4.5 per pack of 20 cigarettes. For imported brands, the new prices ranged from HK$ 7.2 to HK$ 8 per pack from the previous HK$ 6.5 to HK$ 7 range.

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MALAYSIA recently increased support prices for green and dry leaf tobacco by 7.4 and 13.6 percent, respectively. The average price of green tobacco was raised from M$.625 (US$.26) per kilogram to M$.671 (US$.28) and the dry leaf price raised from M$11.44 (US$.4.75) per kilogram to M$13.00 (US$5.39). The government also indicated that it was changing the basis for the green leaf price. Formerly, the price was based on input costs and labor. The new system will take into account a 14-percent return to labor. The government hopes that the increase will raise the incomes of 44,000 tobacco families and 348 curers.

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FRUITS AND NUTS

The U.S. agricultural attache in Damascus reports that IRAN's 1984 pistachio crop is currently estimated at 35,000 tons, down 30 percent from the near record harvest of 50,000 tons in 1983. Given the highly cyclical nature of pistachios, a 30-percent decline in output following a bumper harvest is within normal limits.

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Fresh pineapple production in AUSTRALIA is returning to more normal levels following the drought that adversely affected the 1982/83 crop. Fresh output during the 1984/85 season is forecast at 120,000 tons, slightly below the bumper outturn of 121,300 tons in 1983/84. The main harvest period commenced mid-January. Current observations place fruit size and quality in the good-to-excellent range. The decline forecast for the 1984/85 crop is predicated on only average yields, a normal occurrence following last season's record level.

	Area Harvested (Hectares)	Production (Metric tons)	Yield (MT/HA)
1982/83	3,673	111,280	30.3
1983/84	3,597	121,300	33.7
1984/85 1/	3,750	120,000	32.0

1/ Preliminary.

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The U.S. agricultural counselor in Paris reports that FRANCE's 1984 production of dried prunes has been revised to 38,000 tons, 9 percent above the preliminary 1984 estimate of 35,000 tons released last October and exceeding the previous record set in 1982 by 2,400 tons.

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Selected International Prices

Item	March 12, 1985		Change from previous week	A year ago
ROTTERDAM PRICES 1/	$ per MT	$ per bu.	$ per MT	$ per MT
Wheat:				
Canadian No. 1 CWRS-13.5%.9/	182.00	4.95	+1.50	196.00
U.S. No. 2 DNS/NS: 14%....	165.00	4.40	-15.00 *	178.50
U.S. No. 2 S.R.W.	159.00	4.33	+1.00	161.00
U.S. No. 3 H.A.D........9/	176.50	4.80	-2.00	193.50
Canadian No. 1 A: Durum.9/	189.00	5.14	-.50	207.00
Feed grains:				
U.S. No. 3 Yellow Corn....	133.00	3.38	0	159.00
Soybeans and meal:				
U.S. No. 2 Yellow.........	238.75	6.50	+5.75	315.25
Brazil 47/48% SoyaPellets 4/	149.50	--	-4.00	245.00
U.S. 44% Soybean Meal....	152.00	--	-4.50	234.00
U.S. FARM PRICES 3/				
Wheat....................	123.45	3.36	+1.47	126.02
Barley...................	73.08	1.70	+2.76	101.96
Corn.....................	104.72	2.66	+1.57	130.31
Sorghum..................	93.92	4.26 2/	+1.98	110.01
Broilers 4/..............	1141.54	--	+31.75	1380.74
EC IMPORT LEVIES				
Wheat 5/.................	43.65	1.19	-1.75	84.40
Barley...................	46.65	1.02	-1.45	70.90
Corn.....................	43.30	1.10	-1.65	56.35
Sorghum..................	55.25	1.40	-4.35	72.75
Broilers 4/ 6/ 8/.........	146.00	--	+1.00	175.00
EC INTERVENTION PRICES 7/				
Common wheat(feed quality)	134.65	3.66	+2.45	185.50
Bread wheat (min. quality)7/	143.10	3.89	+2.45	202.00
Barley and all other feed grains.......	134.65	--	+2.45	185.50
Broilers 4/ 6/...........	973.00	--	-18.00	1269.00
EC EXPORT RESTITUTIONS (subsidies)				
Wheat	14.35	.39	-.35	40.70
Barley...................	27.10	.59	-.65	37.90
Broilers 4/ 6/ 8/.........	86.00	--	0	139.00

1/ Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam. 2/ Hundredweight (CWT). 3/ Twelve-city average, wholesale weighted average. 4/ EC category--70 percent whole chicken. 5/ Reflects lower EC export subsidy--down to 20.00 ECU/100 bag effective 9/14/83 from 22.50 ECU/100 bag set in 2/83. 6/ F.o.b. price for R.T.C. broilers at West German border. 7/ Reference price. 8/ Reflects change in level set by EC. 9/ April-May
N.A.=None authorized. N.Q.=Not quoted. Note: